

# caceis news

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JOE SALIBA, DEPUTY CEO, CACEIS

On 17 April 2019, our shareholder Crédit Agricole S.A. jointly issued with Santander a press release informing the market of the project of merger between CACEIS and Santander Securities Services ("S3"), the subsidiary specialised in asset servicing of this major international banking group of Spanish origin.

The new entity, which will keep the name CACEIS, would be 69.5% owned by Crédit Agricole S.A. and 30.5% by Santander. It would com-

bine the activities of CACEIS and Santander Securities Services in Spain and Latin America (Brazil, Mexico and Colombia).

This transaction is in addition to that of CACEIS and KAS BANK, a long-standing player in securities custody and fund administration in the Netherlands. Last February, we announced an agreement on a recommended cash takeover bid submitted by CACEIS for the entire share capital of KAS BANK.

Both operations are expected to be finalised by the end of 2019. Their completion is obviously subject to the usual conditions, including regulatory approvals and consultation with the relevant works councils.

CACEIS would be strengthened in its role as a key global player in the custody and asset servicing markets.

With these announcements, we confirm CACEIS' targeted growth strategy to expand our coverage of the European, Asian and Latin American markets, and to enhance our product offering to serve current and future clients.

CACEIS is simultaneously continuing to roll out its commercial offer in Europe. We are winning new clients in all locations, for example in Germany, a market with great growth opportunities in fund administration and in cash equity clearing solutions, for which CACEIS in Germany has developed a centre of excellence.

Our product offer is rapidly expanding. For example, we provide a solution that contributes to the protection of investors' assets, the "Securities Class Actions" service. It consists of systematically informing our clients about group actions concerning

securities held in their portfolio, and investigating the recovery of compensation paid out as part of the dispute settlement. This offer, which we have developed in partnership with a major international law firm, covers all asset classes in the main financial markets. In this issue, you will discover our full range of execution and clearing services on agricultural commodities. This offer fully meets the expectations of the agricultural and agri-food sector and is now expanding internationally, with the support of our shareholder, the Crédit Agricole Group.

The digital innovation and transformation approach remains a priority for CACEIS in 2019. We are proud to have been recognised once again by the market, as CACEIS won the Innovation Award for the third consecutive year, at the 30<sup>th</sup> Global Custodian Leaders in Custody Awards on March 28 in London. We are awarded the "Innovation in Client Experience" prize for our approach to improving the user experience with the CACEIS Innovation Lab.

Our capacity for innovation was recently illustrated with the deployment of a new application, SHERPA, which simplifies and secures access to our OLIS portal. The digital trans-

formation of CACEIS will continue across all OLIS functionalities so that our web portal becomes a collaborative work site between clients and CACEIS' teams.

To better understand digital market expectations, we partnered with Funds Europe at the end of 2018 to gather our clients' opinions on the impact of artificial intelligence in the investment fund sector. The results, available on [www.caceis.com](http://www.caceis.com), confirm that AI is now considered an essential tool in our industry, both at the front, middle and back office levels. These results confirm CACEIS' strategy, which integrates this technology into its developments thanks to the expertise of its 3D business line.

The human element is central to our business and will remain so, but the assistance capabilities that artificial intelligence and other technologies, such as Robotics and Blockchain, will give our staff, and therefore our clients, are a significant advantage in an increasingly competitive industry.

CACEIS is at the forefront of technological developments to ensure we can deliver the robust security, data insights, information accuracy and business efficiency that our clients require now and in the future.

Bella Center  
Copenhagen  
24-27  
June 2019

FundForum  
International

CACEIS'S TEAMS  
LOOK FORWARD  
TO WELCOMING YOU  
TO OUR STAND

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# CACEIS in Germany, high growth potential

## Interview with Thies CLEMENZ, Managing Director of CACEIS in Germany

### What role does the German branch play in the CACEIS Group?

The branch in Germany is a key pillar of the CACEIS Group. Germany represents one of the strongest European economies and one of the largest fund markets for the group. CACEIS has been actively supporting clients in Germany for over ten years, and our clients here have access to CACEIS' full range of products and services for all asset types.

### Why is Germany such an important market for CACEIS?

Obviously, Germany itself has a very large economy and offers CACEIS great potential for growth. However, it is not just the size of the funds market that makes Germany such a key development priority for us. Having a presence in the German market enables the Group to offer all CACEIS clients wider coverage of the entire European market. Offering the same range of services throughout Europe enables clients to market their funds across many markets, with the added benefit that services are adapted to conform to each individual country's regulatory and cultural specificities.

However, our German office does have a number of factors that set it

apart. We are the German market leader in cash-equity clearing services for broker-dealer clients and securities trading banks. Germany has now become the group's centre of excellence for this, servicing both German market clients and international clients from throughout the CACEIS network.

Another strong point is trustee services for real estate funds, which we have seen expand rapidly in recent years, making us one of the top three real estate fund trustees in Germany.

### Where does CACEIS rank in the German funds market?

CACEIS ranks among the top 10 trustees in Germany, and as already mentioned, we rank third in terms of real asset funds. CACEIS is clearly a complete asset servicing player, providing a one-stop-shop for its clients. We offer the group's full range of custody and fund administration services in addition to the trustee function, no matter the asset type. Unlike some asset servicing providers, our products are designed to incorporate a high level of flexibility which enables us to tailor services to each client's individual needs. Our client relationship management is also carried out directly from Germany

which, from experience, we know our clients greatly appreciate as it fosters close business relationships and an in-depth understanding of their business.

### Can you tell us about the teams at CACEIS in Germany?

CACEIS in Germany has two offices - one in Frankfurt and another in Munich. The Munich office accounts for the greatest number of staff, but the Frankfurt office is rapidly growing in size. From these two offices, our 450 experienced employees provide high quality servicing to clients operating in the German fund industry. We ensure all our employees benefit from continuous professional development courses to ensure they are able to offer optimal day-to-day servicing in terms of regulatory developments, business practices, language courses and industry trends. This programme helps create well-informed employees who understand business needs.

However, we also have a high number of specialists with expertise in areas as diverse as regulatory reporting to real assets. Client focus is central to our staff philosophy and the reason why we spend so much time and resources on ensuring our staff are well trained and informed - we therefore have



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low levels of staff turnover and have a good proportion of employees who have been with the group for many years.

### What are CACEIS Germany's strategic goals and how do you aim to achieve them?

Our principal goal is to contribute to the growth and sustainability targets of the CACEIS Group by providing strong client support and constantly improving and broadening our buy-side service range - from trustee services to custody and fund administration - for securities clients. In addition, we intend to consolidate our leading position

in the growing real asset funds industry by further developing the trustee function, but also by offering our middle office outsourcing services via our successful fund administration business. On the sell side, we are actively working on bringing on new domestic clients, and are seeking to attract an increasing number of international clients. Finally, by leveraging our range of reliable products and services together with our excellent client servicing, we aim to increase market awareness of the CACEIS brand and broaden our reputation as major asset servicing player in the German market. ●

## Third-party administration in Germany is a fast growing activity

Founded in 2016, CACEIS Fonds Services is the German entity that provides clients with the international expertise of the CACEIS Group in fund administration. Its service offer meets the need of a growing demand for outsourcing.

Many investment companies choose to outsource their in-house fund administration and related middle-office activities, and administrators like CACEIS have helped industrialise and automate the activity, driving down costs and increasing companies' flexibility.

### FUND ADMINISTRATION FOR ANY TYPE OF ASSET

Demand for administration services, especially for real asset funds, is rising sharply and many

managers are opening up to the benefits of implementing an outsourcing model.

*"We are seeing a confirmed trend on the German market, with more managers rethinking their current in-house administration strategy in favour of outsourcing,"* says **Andreas Pade**, Managing Director of CACEIS Fonds Services in Germany.

CACEIS is a leading global provider of administration services and has particular expertise in Germany with real asset funds. It fulfils the administration needs of a broad range of clients in Germany and other European countries from large capital management firms to more boutique-style operations. Outsourcing fund administration tasks eases the burden of ensuring ongoing compliance with changing regulatory requirements. It also frees up company resources from heavy investment into IT systems and process automation, while offering far greater flexibility for coping with activity volume spikes when they occur.

Across the world, companies are making the decision to isolate their business investment from the shifting regulatory landscape and constant IT development required with in-house administration. With the right partner that understands their business and can pool resources of a large number of clients to develop world-class systems and services, managers can remain in full control of their business. Outsourcing helps managers better direct company resources and

lets them concentrate on their key area of expertise - creating investor value.

In many cases, an outsourcing operation involves a staff lift out, which ensures not only that companies can justify the strategy to their staff, but also that competent staff with an intimate knowledge of their company are within the service. Any outsourcing operation takes time to understand fully and plan before implementation, and CACEIS has the in-depth expertise and experience to ensure it is a success for companies' business, and their staff, from the outset.

### SECURITIES FUNDS

Third party administration of securities funds is a more mature market than for real asset funds, and managers have long been outsourcing the process. Despite this, the market for third party administration services still holds great potential in terms of companies looking to consolidate both fund administration and depositary services with one provider. Many are also reconsidering their current provider as they seek support from a provider with a large geographic footprint to assist them in achieving their business development objectives outside the home market.

### OPEN-ENDED REAL ESTATE FUNDS

Whether specialist in one asset type or offering a range of products from across the asset spectrum, a large comprehensive asset servicing player like CACEIS can cover every base,

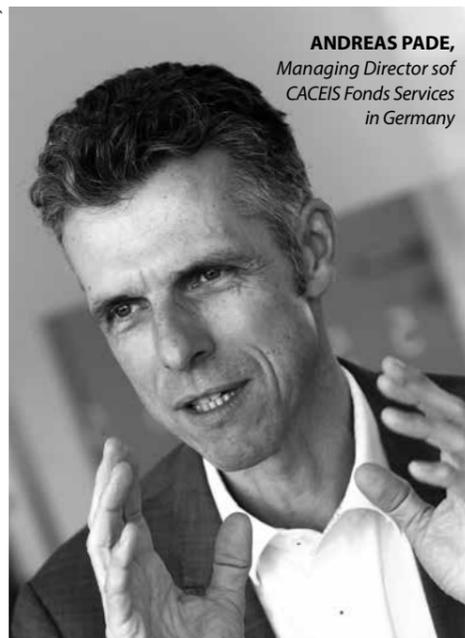
offering a one-stop shop for any product and market-leading services from fund administration to depositary, throughout Germany, Europe and the world. One single partner covering all servicing needs, consolidated reporting from across your network, efficiency gains, and enhanced service levels for your investors, wherever they are. CACEIS' offer is highly modular, and companies have the option of mandating only for the more complex or resource intensive areas, or remaining with a current provider and requesting CACEIS to consolidate reporting data from both groups.

### REAL ASSET FUNDS (CLOSED-END FUNDS)

In the past, the real asset segment has benefited least from task automation, with paper-based methods and manual processes.

We want to change this and, as an example, we will, in 2019, transform into a fully digitised invoice workflow system. Bookings and payments will be generated automatically. There will be also a human four-eyes principal check prior to final release.

**Andreas Pade** states: *"Clients see many benefits such as this fully digitised invoice service when they select CACEIS as their real asset administrator. We are one of the few providers in Germany offering fund administration and depositary services for all asset types and many managers are either currently using our services or in discussions for an outsourcing deal. CACEIS is fully committed to the German market and to providing cutting-edge servicing."* ●



**ANDREAS PADE,**  
Managing Director of  
CACEIS Fonds Services  
in Germany

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# CACEIS' Securities Class Actions offer plays a key role in protecting investor assets

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RENÉE SIMOES, Group Product Manager, CACEIS

Group actions first came onto the scene in the United States in the 1950s, and in recent years, they have become more commonplace in Europe and Asia. CACEIS' service keeps clients informed of and enables them to take part in any class action processes for securities held in portfolios. The service also assists in the collection of compensations paid out as part of the dispute settlement.

Class Action lawsuits are a widespread practice in the US. They allow shareholders, of a company that committed a fault which negatively affected an asset, to join in a group action to seek reparation before a court. Such processes remain rare in Europe.

"Institutional investors are now beginning to show a strong interest in class actions, management companies are increasingly seeing them as a way to act in their investors' best interests, so being aware of potential class actions as they develop is essential," says Renée Simoes, Group Product Manager at CACEIS.

The majority of the service is in settlements, known as "passive participation" of the post-litigation phase.

To deliver market-leading service in this area, CACEIS works closely with DRRT, an international firm specialising in group actions and compensation recovery. Clients can fully rely on our market-watch function which identifies any developing class action lawsuits and cross-checks the targeted securities with those in client portfolios, ensuring:

▶ information on any ongoing collective action process on securities held in a portfolio (shares and bonds),

▶ coverage of "passive participation" settlements, which usually take place in the US, but also in other jurisdictions, including client notifications, claim filing and monitoring, and crediting investor accounts with any recovered compensation,

▶ an assessment of financial benefit of being involved in collective actions requiring active participation. Our partner DRRT has the experience to actively represent clients in this type of action and may assist clients directly.

"Any client taking advantage of CACEIS' custody services is eligible to sign up for our Securities Class Actions offer. We also keep OLIS, our web portal, constantly updated with the latest information on relevant class actions, adds Renée Simoes.

This offer forms a key part of CACEIS' investor protection approach and helps meet ongoing regulatory challenges. It is designed to assist asset managers and institutional investors in demonstrating they are acting in the best interests of their clients, maximising investor value, while relieving the administrative burden of such processes ☺



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## DRRT's TESTIMONIAL

Joseph GULINO, Assistant Managing Partner

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“This collaboration allows us to serve in the clients' best interests, in complete security and with the full support of DRRT and CACEIS.”

### Can you briefly introduce your firm?

DRRT is an international law firm and market leader that has been active for more than 15 years in the client-oriented global loss recovery industry as well as a respected resource for ancillary class and group action support.

We serve institutional investors in the United States, Europe, and the Middle and Far East with total assets of more than US\$ 12 trillion. Our offices are located in Miami, London, Frankfurt and Paris. Our lawyers, financial analysts and experts in securities law and international law speak more than 10 languages. We are pioneers in loss recovery actions outside the United States.

Our objective is to monitor collective actions and alert investors when securities in their portfolio are affected. Most investors around the world do not have the time and resources to do so directly. We monitor our clients' portfolios and file claims on behalf of our clients in jurisdictions with passive claims filing. We also advise our clients on the merits of an active collective action where passive claims filing is not possible. We have partnerships with law firms in jurisdictions where collective actions are possible, and we can quickly file cases, having previously undertaken preliminary feasibility studies for the jurisdiction.

### Why have class actions developed in recent years outside the United States?

A 2010 US Supreme Court ruling (*Morrison v. National Australia Bank*) limited the scope of class actions in the US. This decision excluded participation by American and non-American investors in class actions before American courts when the securities were acquired outside the United States. For non-US companies, basically only investors who have purchased ADRs (American Depositary Receipts) can now take legal action in the United States, which considerably limits options for recovery. Institutional investors who have invested in European companies may only initiate collective actions generally in the jurisdiction where the securities were purchased.

### What is the current share of investors participating in class actions?

As for institutional investors in the United States, the birthplace of class actions, about 30% of them participate in so-called passive actions. U.S. pension funds have long had an obligation to monitor class actions to defend the rights of their clients. They may even fear being sued in the event of a lack of monitoring of actions or non-participation in class action settlements. Outside the United States, investors are becoming accustomed to these practices and no longer hesitate to act, or at least to consider the possibility of acting. Regulatory developments and increased



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demand from investors to protect their assets are leading this change. Concerning more particularly the so-called active actions, everything depends on the courts and the legal framework that has been developed by the authorities. Apart from the United States, the most active jurisdictions are Germany, Japan and the Netherlands.

### Why did you choose to partner with CACEIS?

For us, a partnership with CACEIS makes sense to provide the best service to investors. Indeed, CACEIS is the European leader in custodian banking services. Through this partnership, the Group manages the data of its clients' portfolios and can thus offer them monitoring services for class actions worldwide. We also have a number of common customers with CACEIS, particularly in France, Germany, Luxembourg and Ireland.

Once a CACEIS client subscribes to our joint offer, CACEIS periodically sends us the positions and transactions of the securities in its portfolios. This collaboration allows us to serve in the clients' best interests, in complete security and with the full support of DRRT and CACEIS, both for claims filing as well as for active participation.

This innovative joint offer with CACEIS is easy to access. It exempts clients from any administrative procedures, while providing clients with the confidence that all possible loss recovery opportunities are properly explored ☺

# CACEIS, key player in agricultural commodities futures

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From left to right: **JEAN-LOÏC BÉGUÉ-TURON**, Head of Clients Commodities, **JEANNINE BUSSEROLLE**, Relationship Manager in the Commodities Division and **LAURENT CAVANNA**, Business Development Manager Commodities, CACEIS

With its full range of services on agricultural commodities futures for hedging transactions, CACEIS is a key partner for the agri-food sector.

CACEIS is a centre of excellence for execution and clearing of derivatives, futures and options on agricultural commodities. The service extends across the world's agricultural derivatives markets, meeting the exacting needs of agricultural and agri-food sector players. With a specialised team of expert staff covering sales, front-office, back-office and risk aspects, CACEIS exports its success-

ful French-market model to international markets via Crédit Agricole's international banking network.

"In 2017, we set up a specialised business line to better meet the specific needs of our over 1000 clients in the agricultural sector," says **Jean-Loïc Bégué-Turon**, Head of Clients Commodities.

CACEIS is strengthening its ties with sister companies in the Crédit Agricole group, France's leading bank for the agricultural sector, to better support all types agriculture market players, such as farmers, cooperatives, trading companies, exporters, industrialists, processors and agri-food companies. A common objective for the Group's companies (*Caisses Régionales* - regional banks, Crédit Agricole CIB and Crédit Agricole's international locations), is to gain market shares in Europe. This offer provides real value for agricultural sector clients across the world, mitigating commodity price volatility risk by leveraging CACEIS's futures market expertise.

CACEIS operates on key agricultural futures markets worldwide, including Euronext (formerly MATIF), CME-CBOT, Minneapolis Grains Exchange, ICE Futures Europe and US.

Our teams have experience trading in a wide range of products such as milling wheat, corn, rapeseed, soybean, soybean meal, soybean oil, sugar, coffee, cocoa, cotton, salmon and dairy products.

"Our clients can place orders over the phone in five languages via our specialised agricultural commodities trading desk, or they can use an e-trading platform. We run a system based on open architecture that allows us to use their preferred platform: Bloomberg, Fidessa, etc. In addition, OLIS AGRO, our mobile app has a secure messaging function which enables users to place orders on agricultural commodities," adds **Jean-Loïc Bégué-Turon**.

CACEIS' execution and clearing offer has many advantages - dedicated client service

provided by agricultural market experts, a single point of entry for order processing, secure automated processing and simple activity monitoring via detailed daily reports either sent by email or accessible online. CACEIS' teams also keep clients up-to-date on market news and developments via regular newsletters.

"Our offer is designed to provide the flexibility necessary to tailor it to clients' individual needs, whatever the agricultural sector," explains **Laurent Cavanna**, Business Development Manager Commodities at CACEIS.

Clients with high futures market trading volumes may benefit from additional value-added services: "Our standard clearing service can be upgraded to include transfers of data files specifically designed to enable agricultural operators to better monitor trading positions and regulatory compliance status. Such files can be sent automatically to the client at a defined frequency, or as real-time feeds directly into their positions risk management software," explains **Jeannine Busserolle**, Relationship Manager in the Commodities Division.

The agricultural commodities offer is a part of CACEIS' comprehensive execution and clearing service on derivatives and OTC markets, and is part of its market-leading 'execution-to-custody' model.

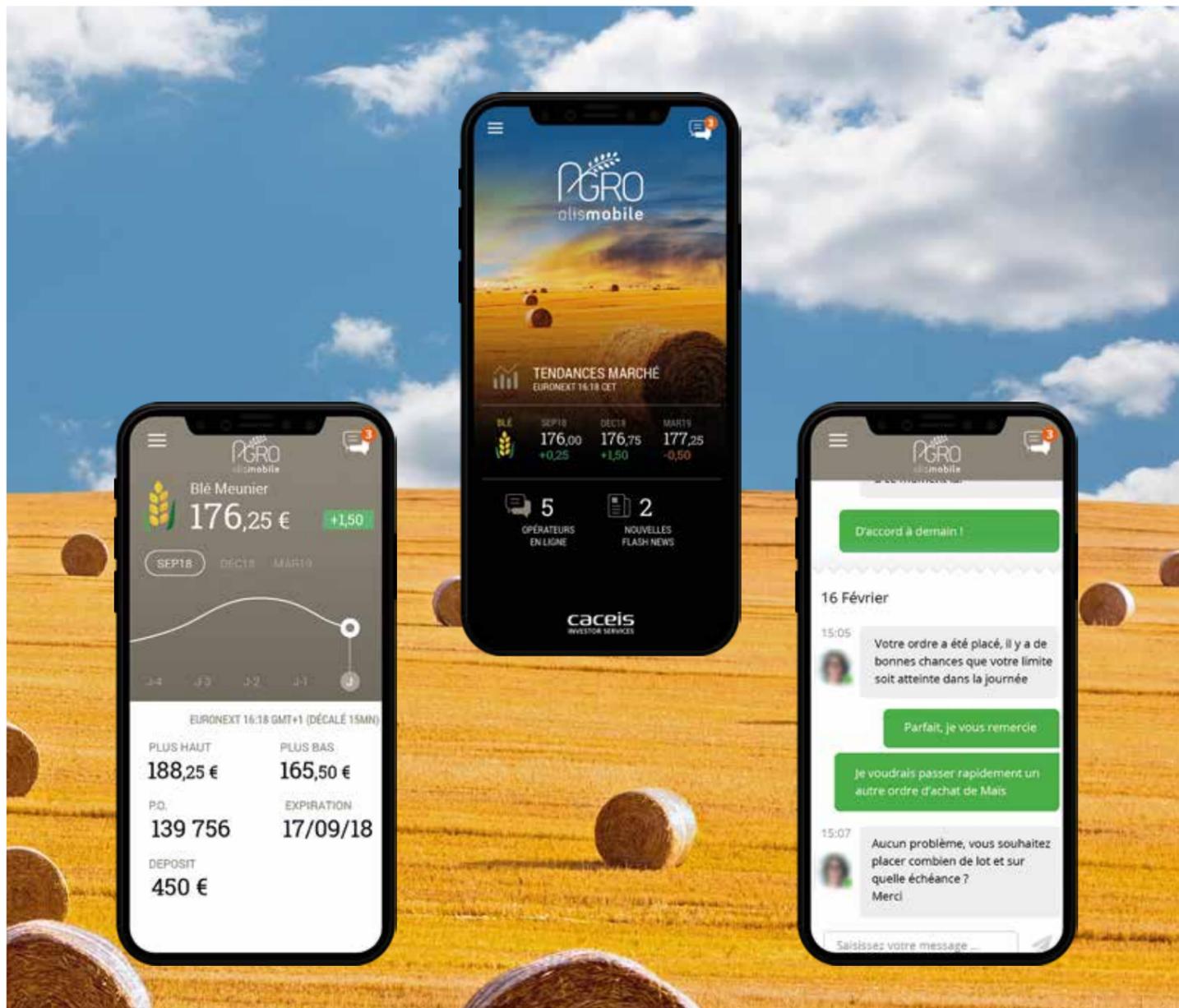


## INTERVIEW WITH JEAN-LOÏC BÉGUÉ-TURON, HEAD OF CLIENTS COMMODITIES

### What is your international development strategy?

As agricultural commodities futures market specialist, our objective is to demonstrate our market-leading expertise and the cutting-edge services designed to suit all types of client working in the European agri-food sector. Our team's combined experience and the group's position as France's premier provider of services to the sector gives our clients a significant competitive advantage and puts us in a strong position to win new market share in European countries such as Italy, Switzerland, Germany, Netherlands and Spain.

Crédit Agricole's international banking network is key to our European development strategy, providing market access and a solid platform for growth. We also take part in the agricultural sectors' principal trade fairs, exhibitions and conferences such as the Agro Paris Bourse, the Paris Grain Day and the European Grain Exchanges. We will be exhibiting at the International Paris Bourse in June and look forward to the opportunity to meet agriculture players at our stand and discuss their development plans.



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# CLIENT TESTIMONY - AGRIAL

Philippe VINCENT, Head of Grain Sector and Mathieu PACTON, Head of Commercialisation



## Could you give us an overview of your cooperative business?

Agrial is an agricultural and agri-food cooperative that processes and markets milk, fresh fruits and vegetables, beverages, cereals and meat on behalf of its members. From its origins in Normandy, Agrial has grown steadily to become

one of France's top three agricultural cooperatives, and has a footprint covering Europe, Africa and the US. Our group has a turnover of €5.5 billion and operates in 15 countries with 22,000 employees. We support the development of responsible and efficient agriculture to meet the expectations of our customers and consumers and thus contribute to the success of our 13,000 farmer members.

## How are CACEIS' services benefitting your business?

For Agrial, cereal collection accounts for annual volumes of some 1.65 million tonnes, and to protect member's margins from the effects of agricultural commodity volatility we trade on futures markets. We do this via CACEIS' execution and clearing offer for cereals and oilseeds, and for commodities such as wheat, we are operating on Euronext's Matif. CACEIS became our service provider at the end of 2016 when it

acquired Sigma Terme, and as we are active on the futures markets on a daily basis, we are in constant contact with CACEIS' trading room.

## What advantages does CACEIS offer over other players?

With CACEIS, we have dedicated contacts and access to numerous agricultural market specialists which gives us a significant competitive advantage. Not only are the team members available when we need them, but they have the specialist knowledge required to develop efficient solutions that meet our particular requirements. Reliability is also key, and we have been able to build a strong relationship with CACEIS based on mutual trust.

Finally, CACEIS' offer is fully integrated with the Crédit Agricole group's wider offer, which facilitates all interactions, as Crédit Agricole is one of our major partners ☺

## INTERVIEW WITH PHILIPPE CHAPUIS, DIRECTOR OF AGRI-FOOD, CRÉDIT AGRICOLE S.A.



### How do CACEIS' services help agri-business players meet market challenges?

By their nature, agricultural commodities demonstrate high price volatility and agri-business players from throughout the sector, from upstream agriculture to downstream collectors, processors and exporters must take steps to limit this inherent structural risk. Producers face significant risk to margins and consequently income when prices fall between sowing and harvesting times. Processors face similar issues, where for example a flour miller has difficulty passing on sudden wheat price spikes to clients, such as large retailers. This is why services designed to mitigate commodity price volatility risk are so

important to agriculture industry players regardless of sector. Crédit Agricole is the premier French agricultural bank and the number one partner for agri-food companies in France. It offers its agriculture sector clients access to a full range of price hedging services via an offer developed with CACEIS. The professional teams staffing CACEIS' agriculture-related offering have the necessary industry knowledge and expertise to tailor the hedging services to each client's individual needs. Clients can rely on CACEIS services to manage market positions within a strict legal, regulatory and governance framework.

### How does CACEIS' agriculture offer fit into Crédit Agricole's international development strategy?

Crédit Agricole's objective is to export its home-grown expertise in services to agriculture to new markets where we have already established banking subsidiaries. In fact, as the agriculture and agri-food sectors are such a key development area for the group, they are the springboard for our entire international development strategy. Our subsidiaries in Ukraine, Poland, Serbia, Morocco and Italy, have each recruited 'agri-agro' experts to their staff and formed teams that are dedicated to supporting local players and boosting their competitive advantage. Like in France, in addition to CACEIS' hedging services, our local teams have access to a group of business engineers, specialised in sectors such as wine, meat, milk and grains via Foncaris, Crédit Agricole's financial guarantee firm. Crédit Agricole already has a positive brand image as a leading bank for the agriculture sector, and these new commodity market services provided via CACEIS will further raise our reputation abroad and help the group further develop the client base. We believe our development strategy is already showing positive results, and we are delighted that Crédit Agricole Ukraine was recently cited as the country's best agriculture and agri-food bank.

## INTERVIEW WITH JEAN-CHRISTOPHE ROUBIN, DIRECTOR OF AGRICULTURE, CRÉDIT AGRICOLE S.A.



### In your view, how does CACEIS' agricultural commodities offer help meet the industry challenges?

Agricultural holdings are increasingly exposed to external risk such as climate, market, health and environment but also to internal risk of decisions taken at an individual level. The long 'investment duration' and capital-intensive nature of farming increasingly require players to strengthen their ability withstand such risks.

With 80% of French farmers banking with Crédit Agricole, our regional banks finance

and support farms and agricultural projects across the industry. Expanding our range of products and services to increase their financial stability is a key objective for our group.

Agricultural commodity hedging is an offer developed by CACEIS for farmers, and is fully integrated with our broader support package, just like our insurance products (climate, turnover) or our precautionary savings (new deduction system for precautionary savings).

CACEIS' upcoming launch of an online order placement service via Crédit Agricole's "Invest Store" portal, is designed to meet farmer clients' needs and integrates smoothly with our model, meeting our objective of further digitising our services and improving the overall client experience.



## SHERPA: A NEW APP TO MAKE SIGNING IN TO OLIS EASIER AND MORE SECURE



CACEIS' Sherpa app, available on Apple Store and Google Play, uses the power of the smartphone to let users sign in to OLIS faster and more safely. Users can set up OLIS Sherpa to use their work email address, which when entered on the OLIS site, triggers a pop-up notification from the OLIS Sherpa app on the smartphone. By confirming their identity using the phone's Touch ID or Face ID function, or a 5-digit PIN, users are automatically signed in to OLIS on their computer. Sherpa replaces DIGIPASS, as the authentication method for OLIS input functionalities.

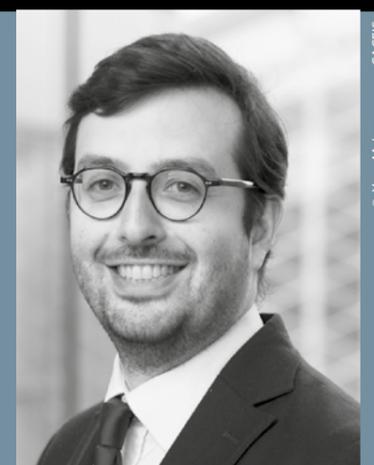
The Sherpa app was developed as part of CACEIS' digital transformation program, and designed based on client feedback from CACEIS' collaborative 'Innovation Lab' platform. The CACEIS Innovation Lab will lead to further collaborative developments for future OLIS functionalities.

OLIS Mobile's Sherpa app is available to users as part of the OLIS suite which includes OLIS Mobile Funds, OLIS Mobile Share, and OLIS Mobile Agro ☺

\*Touch id : authentication via the user's finger print

\*\*Face id : authentication using facial recognition

\*\*\* PIN Code : authentication via a 6-digit code



MATHIEU ALIA,  
Group Head of Digital Transformation, CACEIS

# Report for French Real Estate Wealth Tax on TEEPI

CACEIS extends the range of reports it offers institutional investors on TEEPI, the Electronic Exchange Platform.



BLAISE DUCHEMIN, Group Digital Solution Manager, CACEIS

The French Real Estate Wealth Tax (IFI) was established by the French *Loi de Finances* that came into force on 1<sup>st</sup> of January 2018. It replaced the ISF (*Impôt de Solidarité sur la Fortune*) and applies to the real estate assets of taxpayers, i.e. real estate held directly (house, building, etc.), property held indirectly (shares in *Société civile immobilière - SCI, Société civile de placement immobilier - OPCI*), and real estate shares.

Life insurance companies sought to gather necessary data from management company partners to enable their retail clients to list funds with over 20% of real estate assets in their 2019 income tax returns. As a result, CACEIS has developed this report for TEEPI clients.

CACEIS mobilised its teams in January to work together with a group of insurance company clients in order to design the appropriate structure that includes:

- ▶ the percentage of holdings represented by property or property rights,
- ▶ the value of the property or property rights held outside of France,
- ▶ the date of the Net Asset Value for the calculation.

Asset managers were asked to submit data files in February 2019 that enable insurers to consolidate such data and send it to their individual clients.

The IFI report adds to TEEPI's already extensive range of reports covering Solvency, PRIIPs and MIFID. It demonstrates TEEPI's position as a key platform for financial industry file exchange and the capabilities of CACEIS' teams to work closely with clients to rapidly develop and implement working solutions to their needs.

TEEPI's upcoming development projects is for the EET (European ESG Template), a report currently being defined by FinDatEx (Financial Data Exchange Templates) 



## Solvency II Directive, an operational model still working itself out

Despite its January 2016 implementation date, Solvency II, aimed at insurance and reinsurance companies, has not yet been fully implemented, especially in terms of the calculations and the Solvency Capital Requirement. ManCos and insurers still hesitate between carrying out calculations on a fully in-house basis or partially outsourcing them.

Solvency II stands on three pillars: The first is risk-based capital requirements, the second - organisational requirements for governance and risk management, and the third-transparency, requiring various local and European reports. The TPT file standard provides all information required to fulfil these obligations such as calculation of the SCR - Solvency Capital Requirement, investment monitoring and QRT production.

CACEIS offers a modular service that allows management companies to provide the reporting required by insurance companies, and allows insurers to obtain a consolidated and uniform statement of their assets, accompanied by the calculation of aggregates relating to the gross market SCR. Clients do not need to get involved in this process, other than in exceptional cases.

### ASSET TRANSPARENCY

The first key step is to make any underlying packaged products transparent, which allows individual assets to be consolidated within the portfolio, whatever the investment vehicle (e.g. UCI, OTC derivative, securitisation vehicle). For insurance companies, transparent portfolios can represent thou-



PIERRE OGER, Group Product Manager, CACEIS

sands of asset holdings, so efficient, industrial processes are essential. CACEIS values nearly 9,000 portfolios that can be used to help value top level portfolios, if the relevant management companies agree.

"We then act on the client's behalf via TEEPI to rectify assets without a valuation using the standard TPT file format," adds Pierre Oger, Group Product Manager at CACEIS.

### ENHANCED HOLDINGS INFORMATION

In the second step, holdings information from diverse sources is consolidated and republished together with data from CACEIS' master data repositories. This ensures data

on investment assets is consistent and standardised, no matter which issuer provided the TPT file.

### THE SIX SOLVENCY CAPITAL RATIO CALCULATIONS

Depending on the asset in the transparent inventory, the final part of the offer covers the stress test calculations recommended by the regulator. The stress test calculations are carried out on CACEIS' proprietary risk management platform, which was assessed by a third party audit firm.

At the end of the process, all information is disseminated via TEEPI 

### SOLVENCY II

+3,500  
TPT FILES

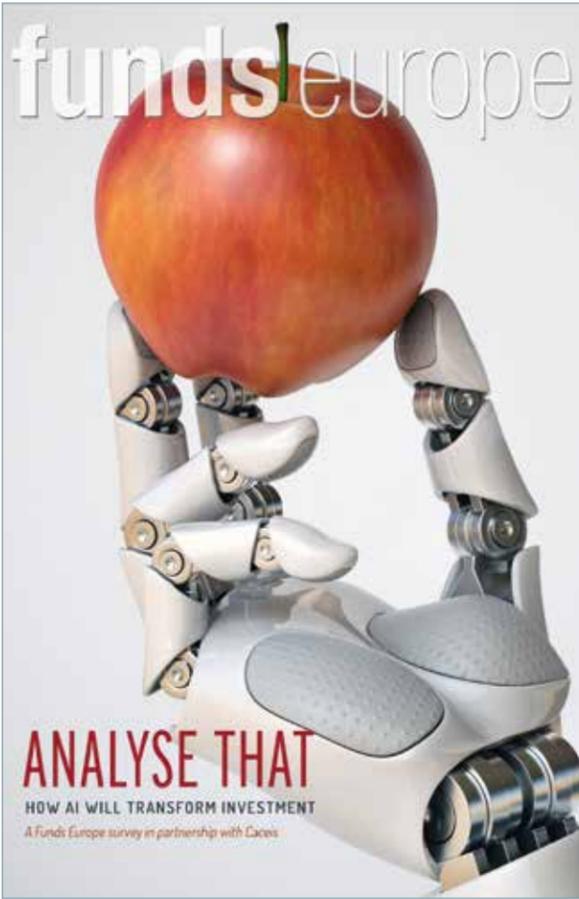
+1,000,000  
UNDERLYING ASSETS

### DISSEMINATION

+200,000  
REPORTS

+30,000  
ISIN CODES

+300  
COMPANIES



# Artificial intelligence: what impacts for fund management?

CACEIS, in association with Funds Europe, solicited its clients' opinions on the impact of Artificial Intelligence in the fund industry. 270 fund management professionals responded to this survey.

Funds Europe and CACEIS identified several major trends in the application of Artificial Intelligence to the fund sector:

- ▶ 80% of respondents consider that artificial intelligence and data integration are tools that will be used in the future by all managers;
- ▶ 66% say that artificial intelligence brings benefits to the front, middle and back-office;
- ▶ The main obstacles to the application of AI are the lack of maturity in the technology and the yet, limited number of use cases that demonstrate how it can

- be applied;
  - ▶ 24% of respondents stated that key decision-makers do not always understand how artificial intelligence will bring value to clients;
  - ▶ 40% have already started their research and development projects in artificial intelligence, while 11% will launch them within the next 12 months.
- CACEIS considers that artificial intelligence not only offers advantages which can benefit our clients, but also the possibility of relieving its employees of repetitive tasks and low added value to guide them towards functions that really require human interaction. In many cases, artificial intelligence can be

considered a valuable partner, thus increasing individual capacities.

The full study produced by the Funds Europe and CACEIS teams is available in paper format on request, or online at [caceis.com](http://caceis.com)



## In the press - Q1 2019

**January 2019**  
**Agefi Hebdo**  
*"La blockchain va digitaliser les titres non cotés"*  
**Lionel Barthélémy**,  
 Deputy Managing Director,  
 CACEIS Corporate Trust

**February 2019**  
**Fund Global Asia**  
*"Private Equity in China"*  
**David Li**,  
 Managing Director, CACEIS Hong Kong

**February 2019**  
**Les Echos**  
*"Le Crédit Agricole se renforce dans les services de conservation de titres"*  
**Jean-François Abadie**,  
 CEO, CACEIS

**March 2019**  
**Funds Europe**  
*"The future of Asset Servicing"*  
**Pierre Cimino**,  
 Group Head of international development,  
 CACEIS

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## Conferences - Q2 2019

LONDON		DUBLIN		PARIS		MADRID	ROME	FRANKFURT	COPENHAGEN
7-8 May	20 June	17 May	23 May	16 May	14 June	18-20 June	29 May	14-15 May	25-27 June
ALFI London Cocktail & Conference	European Fund Finance Symposium	0100 Private Equity Conference	IFIA Annual Global Funds Conference	Conférence des Investisseurs pour la Croissance	Bourse Internationale de Paris	ISLA	Mondo Institutional	BAI Conference	Fund Forum International

## Worldwide

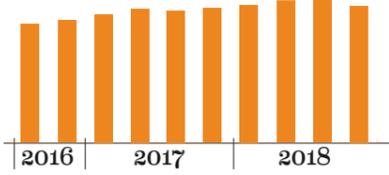
Source: EFAMA - April 2019

### Worldwide Investment Fund Assets Q4 2018 (€ trillion)

-5.68%/Q3 2018

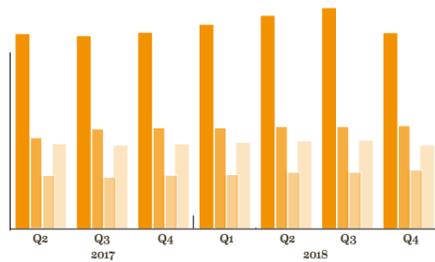
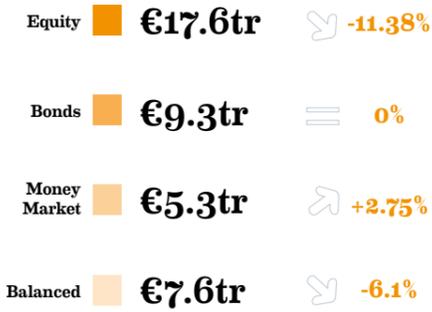
€43.99tr

Worldwide investment fund assets decreased by 5.68% in the fourth quarter of 2018.



### Trends by investment type Q4 2018 (€ trillion)

On a euro-denominated basis, worldwide equity fund assets decreased by 11.38% to €17.6tr at Q4 2018. Bond fund net assets remained stable at €9.3tr. Balanced/mixed fund assets decreased by 6.1% to €7.6tr. Money market fund assets increased to €5.3tr at the end of Q4 2018. At the end of Q4 2018, 40% of worldwide regulated open-ended fund net assets were held in equity funds. The asset share of bond funds was 21% and the asset share of balanced/mixed funds was 17%. Money market fund assets represented 12% of the worldwide total.

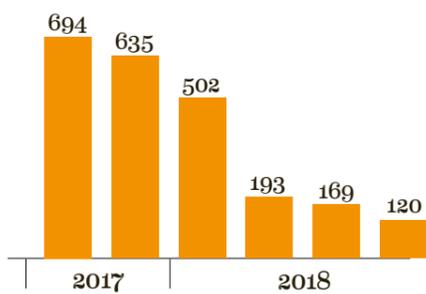


### Net cash flow to Investment Funds - Q4 2018 (€ billion)

-28.99%/Q3 2018

€120bn

Worldwide net sales of open-ended funds decreased to €120 billion in Q4 2018, compared to €169 billion in Q3.



## Europe

Source: EFAMA - April 2019

### Net assets of the European Fund industry Q4 2018 (€ trillion)

-5.5%/Q3 2018

€15.15tr

Total net assets of the European investment fund industry decreased to €15.15 trillion at end Q4 2018, representing a drop of 5.5% since Q3 2018.

With €9.84 trillion invested in UCITS, this segment accounted for 61.3% of total European investment fund assets at end Q4 2018, with the remaining 38.7% (equivalent to €5.87 trillion) coming from AIFs.

### Top Ten at Q4 2018

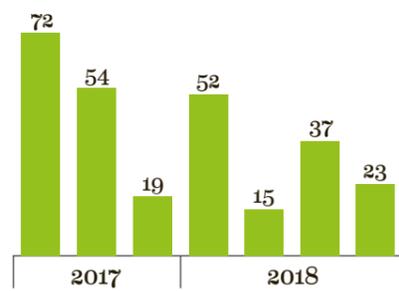


### Net Sales of AIFs - Q4 2018 (€ billion)

-37.84%/Q3 2018

€23bn

AIFs recorded net sales decreasing to €23 billion in Q4 2018, compared to €37 billion in Q3.

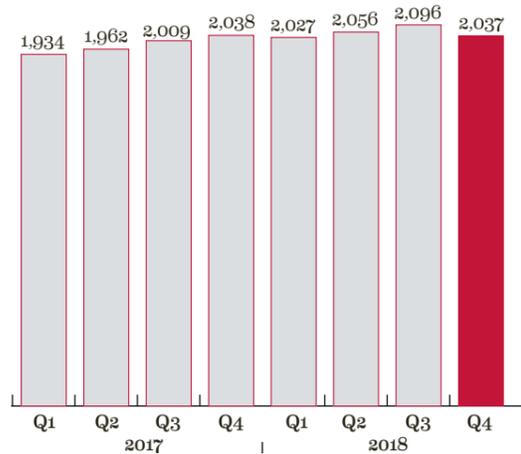


## Country Focus Germany

### Net assets (domiciliation of funds) Q4 2018 (€ billion)

-2.38%/Q3 2018

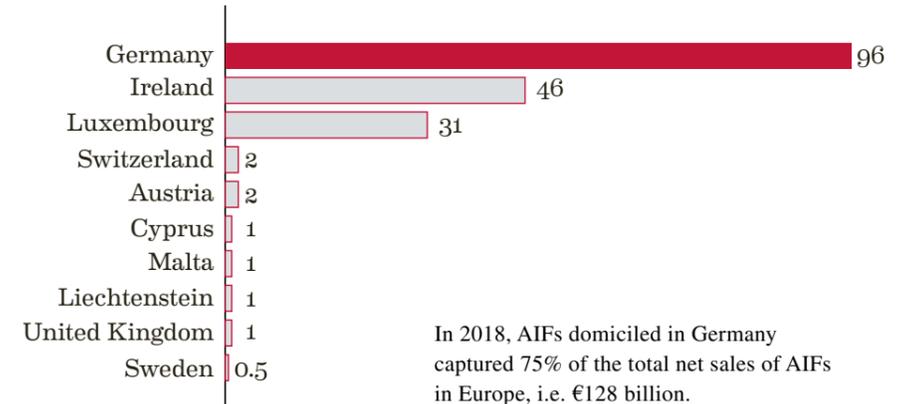
€2.04tr



Net assets decreased by 2.8% in the fourth quarter of 2018, compared to a decrease of 5.5% in Europe.

Source EFAMA

### Net sales of AIFs in 2018 (€ billion)

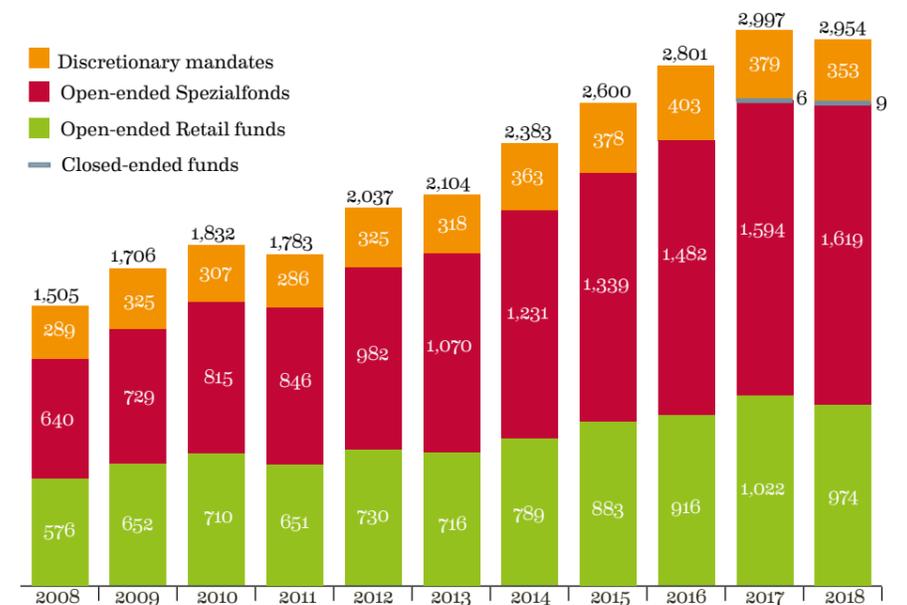


In 2018, AIFs domiciled in Germany captured 75% of the total net sales of AIFs in Europe, i.e. €128 billion.

Source: EFAMA

### Total net assets under management (AuM) as at 31 December 2018 (€ billion)

The investment companies represented by the BVI\* manage assets of €2.9 trillion on behalf of over 50 million private and institutional investors.



\*Source: BVI (BVI, the German investment funds association, compiles reliable and comprehensive statistics about the German investment market based on the original data from its members)

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